

across the board



"The EUB does a lot of good work," says Chairman Neil McCrank, "and we want to keep stakeholders informed. *Across the Board* is another way to make that happen."

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EUB Launches Monthly Newsletter

by Neil McCrank, EUB Chairman

Welcome to the first edition of *Across the Board*. From now on, we'll publish this newsletter every month.

We use the word "stakeholder" a lot at the EUB and that's the audience for this newsletter. If you are in the energy or utility business, a landowner with oil and gas facilities on your property, active in an environmental or community group, or a member of another agency or government department, we hope to improve your understanding of what the EUB is and does.

Most of the newsletter is made up of regular columns. For example, every edition includes a list of upcoming hearings and pending decisions. On the information side, the newsletter features a summary of recent decisions, and new publications we've issued for the previous month.

The newsletter also summarizes applications that have come to the EUB in the month before last. Well licensing is a trend setter for general oil and gas activity, so we show the numbers for this

particular area for the last 12 months. This time 'round, we've summarized enforcement and inspection activity for all of 1998-99, although we intend to report monthly in future issues.

Every edition also includes feature articles about one or two major regulatory initiatives and how they're progressing, to help you better understand the trends and issues affecting our role as regulator.

"...we hope to improve your understanding of what the EUB is and does."

In keeping with our commitment to openness, we plan to sustain this newsletter on a long-term basis. Please tell us what you think. The Web site version has a feedback form—you can find it at www.eub.gov.ab.ca. Or email us directly at acrosstheboard.eub.gov.ab.ca. ♦

After Extensive Public Consultation, EUB Implements New Flaring Guidelines

On January 1, 2000, the EUB implemented new requirements for upstream flaring that will lead to significant flaring reductions in Alberta. These requirements are detailed in a new EUB document, *Guide 60: Upstream Petroleum Industry Flaring Guide*.

Flaring reduction targets

This new guide affects all flaring in the province. For example, a solution gas flare reduction schedule calls for a 25 per cent reduction from 1996 baseline solution gas flare volumes by the end of

2001. Solution gas is natural gas produced along with crude oil. While more than 94 per cent of this gas is currently conserved in Alberta, there remain approximately 4400 solution gas flares, which account for some 75 per cent of the province's flared gas volumes.

The guide also includes flare performance requirements aimed at improved combustion efficiency. These requirements will aid the petroleum industry in meeting Alberta Ambient Air Quality Guidelines. The industry must

Recent EUB Publications

Informational Letters

- **IL 99-6:** Conventional Crude Oil Pools Granted Good Production Practice Status
- **IL 99-7:** Revisions to the EUB's S-1/S-2 Production Reporting Noncompliance Program

General Bulletins

- **GB 99-20:** 1999 Christmas and New Year's Closures
- **GB 99-21:** New Board Member Appointed
- **GB 99-22:** Stakeholder Consultation Discussion Papers for the Review of Costs Procedures for Energy and Utility Proceedings—Extension of Deadline for Filing of Submissions to 31 January 2000
- **GB 99-23:** Guide 60 Upstream Petroleum Industry Flaring Requirements Update and Clarifications Document and Guide Update Process

Guides

- **Guide 62:** Public Concerns about Oil and Gas in Alberta (brochure)

Statistical Series

- **ST-57:** EUB Field Surveillance 1998/99 Provincial Summaries

For these and other publications, contact:

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Recent Decision Reports

Decision U99011 December 2, 1999

Approved Canadian Western Natural Gas Company Ltd.'s application for an addition to CWNG's Rider "B" to allow it to recover property taxes levied by the Tsuu T'ina Nation against CWNG's gas distribution system, from customers residing in the Townsite of Redwood Meadows.

Decision 99-29 December 7, 1999

Confirmed the Board's previous requirement that Canadian 88 Energy Corp. upgrade its Olds Garrington sour gas processing plant to meet sulphur recovery efficiency requirements for existing plants undergoing significant expansion/extension of anticipated plant life span. The decision results from a request by Canadian 88 to reduce its sulphur recovery and inlet rates as approved in EUB *Decision 98-13*.

Decision 99-30 December 15, 1999

Denied Stampede Oil Inc.'s request to drill a level-1 sour gas well in the Priddis-Millarville area, southwest of Calgary. The denial was based primarily on Stampede's lack of appreciation for the unique situation that exists in the area of the proposed well relative to emergency response planning.

Decision 99-31 December 30, 1999

Approved Northrock Resources Ltd.'s applications to construct and operate a new sour natural gas processing facility, associated pipelines, well-site facilities, and an acid gas disposal scheme in the Pembina field north of Drayton Valley.

Decision U99113 December 30, 1999

Denied applications from several electric industry stakeholders requesting that the Board make variances to the Power Purchase Arrangements (PPAs) set by the Independent Assessment Team appointed by the Minister of Resource Development. The Board found the PPAs—and other determinations of the IAT—to be reasonable, adequately supported by economic analysis, and in the public interest.

New Flaring Guidelines

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also evaluate all existing flares, with the goal of either eliminating them or reducing flaring volumes. Compliance deadlines for flare performance and evaluation are

- January 1, 2000, for all new flares;
- December 31, 2002, for all existing solution gas flares;
- December 31, 2004, for all flares at other existing permanent facilities.

New public notification requirements

The EUB also put into place significant public consultation and public notification requirements for flares at both new and existing solution gas batteries.

Batteries process production from one or more wells and are the sites of solution gas flares.

Under the new requirements, operators must notify landowners or occupants living within 500 metres of each existing flare about the flare evaluation outcome and what the operator's intentions are for future operation of that flare. The operator must also provide an information package to each landowner or occupant. A conflict resolution process to address flaring concerns is also outlined in these requirements.

Performance reporting, review and updates

EUB *Guide 60* clarifies flaring and venting reporting requirements for all facilities and includes the implementation of an EUB-generated annual report on industry flaring performance. The EUB will also conduct a review of flaring and flaring practices in 2001. The review will ensure that flaring reduction remains on target in Alberta. It will also examine operating practices and new technology that could be applied to longer-term flare reduction targets.

The EUB has also posted an "Updates and Clarifications" to *Guide 60* document on its Web site. This answers stakeholder questions and offers updates and interpretations of *Guide 60* requirements. It will be updated as new issues arise and are resolved.

Guide 60 is available at no charge on the EUB Web site at www.eub.gov.ab.ca. ♦

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Tell us what you think

We would like to know more about, you, our readers: What do you think of Across the Board? How can we improve it?

In your opinion: (1-strongly disagree, 2-disagree, 3-undecided, 4-agree, 5-strongly agree)

• The newsletter is credible.	1	2	3	4	5
• Information is relevant.	1	2	3	4	5
• The newsletter provides enough detail.	1	2	3	4	5
• The newsletter contains the information I want to know.	1	2	3	4	5
• The newsletter is easy to understand.	1	2	3	4	5
• The newsletter is designed for easy reading.	1	2	3	4	5

General comments/suggestions for future issues:

Your affiliation (please check one)

Energy industry (oil, gas, oil sands, pipeline, services)
 Utilities industry (gas, electricity)
 Government
 Alberta provincial Federal Municipal Other provincial government Other _____

General public
 Education community
 Nongovernment group
 Academic institution
 Other _____

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Thank you for your interest!



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Application Summary

Resource applications for November 1999

	Total Received	Total Completed
Equity	183	148
(rateable take, common carrier, common purchaser, common processor, compulsory pooling, special spacing)		
Conservation	82	55
(resources – oil, gas, and in situ bitumen); (gas removal, enhanced recovery, water disposal, concurrent production, underground storage, commingled production, reserves)		
Depletion		
Administration	81	79
(good production practice, penalty relief)		
Corporate (transfer)	1	2

Facilities applications for November 1999

Batteries, compressors, and satellites	160
Gas plants (sweet)	5
Gas plants (sour)	1
Sulphur recovery plants	0
Pipelines	740
Wells	1422
Total received	2190
Total approved	2328
Closed	8
Withdrawn	36

Facilities applications approved for November 1998 to November 1999



Corporate transfers and name changes for November 1999

Well licences transferred	580
Well name changes	822

1998-99 Field Surveillance Report Highlights Enforcement and Inspection Activity

On January 7, 2000, the EUB published *ST-57: EUB Field Surveillance 1998/99 Provincial Summaries*. The report—highlighted in the tables below—details the wide range of activities carried out by EUB field staff to monitor industry compliance with regulatory requirements and respond to public concerns. Because field work is such a key element of what the EUB does, future editions of *Across the Board* will include monthly or quarterly inspection and enforcement information.

Enforcement

Facilities/operations shut down at EUB Field Surveillance request for April 1, 1998, to March 31, 1999

Type	Approximate number of suspensions	Average duration of shutdown	Most common reason for suspensions
Drilling rigs	50	1.25 hours	Failure of blowout preventer to function/accumulator systems; crew training
Service rigs	19	1.5 hours	Failure of blowout preventers to function
Oil production batteries	45	11.9 days	Severe H ₂ S emissions, oil spills; excessive flaring
Gas facilities	9	4 days	Severe H ₂ S emissions; noise
Pipelines under construction	15	3 hours	No approvals to construct; striking other pipelines during construction
Pipelines in operation	127	N/A	Corrosion; unsafe operating conditions
Injection/disposal wells	128	Not calculated	Failure to submit packer isolation tests
TOTALS	393		

The EUB has an enforcement process that sets guidelines for enforcement action when dealing with regulatory noncompliance. The new process, known as "the enforcement ladder," allows the EUB to take a firm, fair, and consistent approach. In 1998/99, a total of 393 facilities/operations were suspended for noncompliance, compared to 302 in the previous year.

Inspections

Field inspections for 1998/99

Inspections (no.)	Major/serious unsatisfactory (no.)
Drilling rigs	696
Service rigs	392
Oil production facilities	3730
Gas production facilities	643
Pipeline construction/testing	358
Pipeline failure inspections	400
Waste mgmt. facilities	14
Drilling waste management	1011
TOTAL	7244
	407

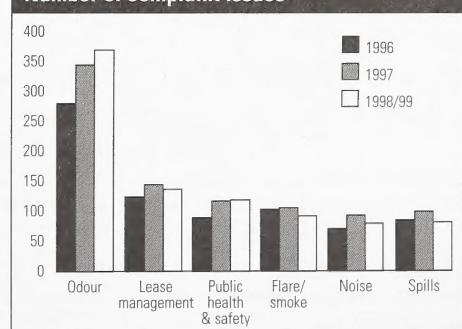
The total number of inspections in 1998/99 increased significantly to 7244 from 3838 in 1997/98. The overall percentage of major/serious unsatisfactory inspections remained the same as in the previous year at about 5.6 per cent, or 407 inspections.

Public Complaints

EUB field staff respond to all complaints about oil and gas activity and follow up to ensure problems are resolved.

During 1998/99, the EUB received and responded to 851 complaints, compared to 900 in the previous year. Some complainants reported concerns over more than one issue, resulting in the EUB recording 1053 issues from 851 complaints. The number of complaint issues decreased from 1133 in 1997/98 to 1053 in 1998/99. Of the 851 complaints received, 74 were the result of repeat occurrences, compared to 50 in the previous year.

Number of complaint issues



Even though the overall number of complaints decreased, odour complaints increased by 24 complaints, or 7 per cent. As a result of the unacceptably high number of odour complaints, the EUB will continue to work with operators to ensure these occurrences are reduced.



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Upcoming Public Hearings: winter/spring 2000

Note: The hearing dates are an estimate of the time that may be required for the hearing; actual duration can vary significantly. Unless otherwise noted, hearings begin at 9:00 a.m. and are open to the public. Please call (403) 297-8259 for more information.

Scheduled Hearing Dates

Date(s)	Application No.	Applicant	Hearing Purpose	Location
Jan 18-20	1040201, 1041048 1041629, 1042292	Avalanche Energy Ltd.	Section 43 review of applications to drill sweet natural gas wells - Ardenode field. Infill drilling for the production of sweet gas from the Edmonton and Belly River groups	Govier Hall, 2nd floor, 640-5 Ave. SW, Calgary
Jan 25-27	1046730	Anderson Exploration	Common processor/allocation of production	Govier Hall, 2nd floor, 640-5 Ave. SW, Calgary
Jan 26-27	990952 pre-inquiry	Smoky River Coal Ltd.	Regarding modifications to 12 South Mine B2 Pit development - Caw Ridge area	EUB Offices, 12th floor, 10055-106 street, Edmonton
Feb 1	1042760, 1048692 pre-hearing	Shell Canada Ltd.	Well licence application - Level 4 critical sour gas well	Walking Eagle Inn Rocky Mountain House
Feb 1-3	1042760, 1048692	Anderson Resources Ltd.	Sour gas well application - Gordondale	Royal Canadian Legion, 833-102 Ave., Dawson Creek, BC
Feb 21	960313, 960314	Cardinal River Coals Ltd.	Cheviot Coal Mine Project - Section 42 review	Crestwood Hotel, 678 Carmichael Lane, Hinton
Feb 23-25	1039455	Berkley Petroleum Corp.	Sour gas well - Turner Valley area	Priddis Community Hall, Priddis
Apr 4-5	990408	Bearcat Explorations Ltd.	Board Initiated Objections to EUB Abandonment Costs Order No. ACO 99-03	West Hall, 2nd floor, 640-5 Ave. SW, Calgary

Pending Decisions

Application No.	Applicant	Hearing Purpose	Hearing Date(s)	Actual Hearing Days
1040416, 1040417 1040418, 1041202 1045916	Canadian 88 Energy Corporation, Shell Canada Ltd.	Applications for well licences - Castle River area	Jan 11-14/00	tbd
1039898, 1039899 1039900, 1039903 1039901, 1039904	Bonavista Petroleum Ltd.	Application to drill sweet natural gas wells, install sweet natural gas pipelines and sweet natural gas compressors - Magrath Area, Blood Field	Dec 14-15/99	2
1041795	Berkley Resources Inc.	Sweet oil well licence application, re-entry - Leduc-Woodbend field	Dec 9-10/99	2
1039128	Goodwell Petroleum Corp.	Athabasca Wabiskaw-McMurray oil sands project	Nov 29-Dec 8/99	7
1034767, 1034762	Dynegy Canada Ltd., Pinon Oil and Gas Ltd.	Extension to operating term of a sour gas pipeline licence and a fuel gas pipeline licensee. Application for a new sour gas compressor station - Crossfield/Okotoks field	Aug 18-Nov 30/99	15
1025853, 1025855 1025857	Ranger Oil Limited	Applications for primary recovery schemes - Cold Lake oil sands area	Nov 23-26/99	4
1023589	PanCanadian Resources	Steam assisted gravity drainage recovery scheme - Christina Lake Thermal Project - Athabasca oil sands area	Nov 2-5/99	4
1024638	Bearspaw Petroleum Ltd.	Re-entry application, Wayne-Rosedale field	Oct 19/99	1
960952	Gulf Canada Resources Ltd.	Request for gas production to be shut in and further drilling prohibited in Wabiskaw-McMurray Formation in Surmount area until oil sands development is completed	Apr 28-Sept 24/99	49
980247	Clearwater Unlimited Inc., 722924 Alberta Ltd., 762265 Alberta Ltd. & Deerhaven Estates	To determine the public utility providing service to Deer Haven Estates under PUB Act	722924 to file by Jan 20/00; others to file by Feb 10/00	N/A
990157	Nova Gas Transmission Ltd.	1999 Products and Pricing application	Oct 4-27/99	14
980413	ESBI Alberta Ltd.	Approval of Phase 1 Revenue requirement for 1999/2000, interim rates for 1999 and other matters	Sept 15-Nov 15/99	17
980413	CWNG	1998 General Rate Application-Phase II	Aug 3-Sept 13/99	9
980421	CWNG	1998 General Rate Application - Phase I and 1997 return on common equity and capital structure	Jan 11-Apr 30/99	16

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